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# Be embraced, millions!

*The churches and our money.*
*On wealth, subsidies, property – and other dubious assets.*

"The Church is rich – in people," was for decades one of the most consistent responses from church officials when asked about the finances and assets of the churches in Germany. This fits in well with the saying: "Poor as a church mouse". Why? Because there are no larders in churches.

This has become something of a tradition in Germany, as – unlike in the US – only a poor church is regarded as credible – true to Jesus' words: "My kingdom is not of this world."

In autumn 2013, however, there was the 'financial scandal' surrounding the Bishop of Limburg, Franz-Peter Tebartz-van Elst, who was vilified as a 'bischof of pomp and ostentation'. At the centre of the media storm and public outrage was, above all, the bathtub allegedly costing 15,000 euros, and the president of Caritas warned his church: "Donations are plummeting!"

The fact that the Bishop's See of the Diocese of Limburg, as the legal entity, holds institutional assets of the Bishop amounting to more than 100 million euros was lost in the commotion. In the end, the bishop had to step down, but the whole uproar resulted in both churches launching a surprising transparency drive. Having remained silent for decades, most dioceses and regional churches have in recent years published financial reports and balance sheets.

This is a start, as they were drawn up in accordance with the principles of the Commercial Code, meaning that all valuations are made in accordance with the lower-of-cost-or-market principle. In the case of shareholdings, only the shares in the capital contributions need to be stated, and property is depreciated on a straight-line basis and, after 30 or 40 years, appears on the balance sheet with only a 'nominal value' of one euro – even if it is in a prime business location with a current market value of, say, 30 million euros. The many properties owned by the Church (around 87,000 buildings – excluding the 38,000 church buildings in Germany) have not yet been valued, so there is still "plenty of room for improvement" in the financial reports.

However, the capital assets listed as a priority in the financial reports were already surprisingly high. The Diocese of Paderborn reports (2015) assets of 4.2 billion euros, the Archdiocese of Cologne 3.5 billion euros, Munich-Freising 3.3 billion euros, and so on. If one adds up the figures published so far by the Catholic dioceses, the total comes to €20.4 billion. For the Protestant regional churches, the figures are €4.6 billion (Württemberg), €3.5 billion (Bavaria), €1.8 billion (Rhineland), etc., totalling €12.5 billion. Both churches therefore report total assets of 32.9 billion euros – calculated on a net asset basis. Furthermore, these figures relate solely to the legal entities of the dioceses and regional churches and do not include any finances or assets belonging to the parishes, church organisations and foundations, or religious orders.

Although this is a commendable start, there is also internal opposition within the Church that seeks to maintain the traditional silence.

A much-quoted and well-known German poet, Johann Wolfgang von Goethe, remarked in his Conversations with Eckermann on 11 March 1832: “There is a great deal of nonsense in the statutes of the Church. But it wants to rule, and to do so it must have a narrow-minded mass that bows down and is inclined to be ruled. The highly endowed clergy fears nothing more than the enlightenment of the lower masses.” And rightly so.

When research revealed that the churches contribute only 1.8 per cent towards the funding of their two welfare organisations, Caritas and Diakonie (everything else is paid for by health insurance funds, nursing care funds, patients and the state), the research group Weltanschauungen in Deutschland (fowid.de) surveyed 1,000 church members to find out their views on the matter. The question was: “The Church does, after all, maintain many social institutions with the revenue from church tax. Suppose the Church were to spend only a very small portion, or nothing at all, of the revenue from church tax on social causes. Would that be a reason for you personally to leave the Church, or would it not be a reason for you?” 46 per cent of the church members surveyed replied that they would leave the Church if that were the case – as we know it is.

So: Speech is silver, silence is golden. The total assets of the two churches in Germany are estimated at around 400 billion euros. The annual economic turnover of all church organisations is estimated at around 130 billion euros.

How did this come about, not only in Germany but in general, and does this economic scale also apply in other parts of the world? Let us therefore go back to the early history of Christianity and consider – very briefly – the origins and distinctive features of the Christian church as an organisation. The focus is therefore on its worldliness, and above all on the marketing of the churches, particularly the Catholic Church, which has a global reach.

## The Church and Marketing

The history of the Christian Church as *a corporate brand* can – in brief – also be described in terms of market behaviour and marketing.

Paul of Tarsus, who, following a conversion experience, considers himself the leading apostle, launches a *hostile takeover* of the Jesus groups by expanding the *target audience* (Jesus had addressed only circumcised Jews), extending the *sales territory* (missionary journeys throughout the Roman Empire) and establishing new principles: The resurrection of Jesus, obedience to the authorities in Rome, the remuneration of priests, the silence of women. Whilst Peter, as far as we know, behaved as *a manager* – organisation, quality assurance and risk management – in his role as head of the congregation in Jerusalem, Paul clearly possessed *leadership qualities* – vision, communication and enthusiasm. His genius was evident, among other things, in his perfect mastery of *advertising*, particularly *direct marketing* via *mailings (chain letters* to the Corinthians, Galatians, Ephesians, and many others) and in influencing local *opinion leaders* (Timothy, Titus, Philemon). In his communication of *unique leadership,* the *superiority statement* for Christianity was consistent.

In parallel, an extensive *mission statement* (New Testament) emerged during the first three centuries – one which, in its contradictions, can be used to justify anything – and one of the greatest *positioning operations* in European history was realised. Through *product piracy,* the popular cult of Mithras (Sol Invictus) and the widespread worship of Horus and Isis, originating in Egypt, were incorporated as Jesus and Mary. Horus, the falcon god, merged with the ‘ ’ risen one, Christ victorious over death. Under the Christ monogram PX (not the Latin cross), Emperor Constantine led his legions into battle, which, as is well known, is not won through charity.

In particular, by adopting pagan festivals – such as Christmas and Easter – Christianity did not overturn traditional pagan spirituality, but instead attached itself to existing communities. An efficient form of *community marketing*. Advertising agencies also refer to this strategy of ‘free-riding’ as *movement marketing.*

Constantine secured official *access* to the Roman market for the Christian community in 310, and Emperor Theodosius granted it *a monopoly* as the state religion in 380. This established its *uniqueness* and marked the beginning of the successful *partnership* between church and state. Both were aware of what the Roman historian Titus Livius (59 BC – 17 AD) had already observed: “Adversity teaches us to pray!”

With that, all the elements needed for a successful *copy strategy* for Christianity were in place. Key elements were: the *consumer benefit* (the promise of equality for all people – not on earth, but before God), the *Unique Selling Proposition (USP)*, the essential *distinguishing feature* of an all-encompassing (Catholic) state religion, with compelling *testimonials (*Jesus as Christ, Emperor Constantine and Emperor Theodosius). And the *‘Reason Why’* was the promise of resurrection from the dead. For everyone.

For the Church, the formation of a hierarchically organised clergy was the foundation for the operation of its quest for power: within the religious community, there exists a group of ordained ministers with priestly functions – the clergy – who are clearly set apart from the rest of the faithful – the laity. The basic concept here is a simple, dual and robust distinction that even people who cannot read or write can understand: people live in a vale of tears, for they are all sinners, liars who will go to hell, where they will suffer unspeakable torments. And they all die, and then they are dead. Only a single organisation can save them from this: the Church. Even though humankind was expelled from paradise, it can still attain forgiveness through God and his Church, recognise the truth, enter the Kingdom of Heaven and be redeemed. There is no need to fear death; it is a full stop, marking the beginning of true life and the resurrection. And: none of this requires any *supporting evidence*.

These starting points work perfectly. The individual, aware of their own weakness, is trained from childhood in church rituals which they internalise, and they are integrated into a socio-religious community that provides them with support. Through the partial or complete infantilisation of the members, who must address the presumptuous clergy as ‘Father’, they remain grateful to the Father – from the simple priest, through the Holy Father, to God the Father – for his care and protection, whilst at the same time fearing punishment from him if they behave badly. It is called reverence and is a state educational objective in Bavaria and North Rhine-Westphalia.

And an unusual side-effect arises – stemming from the idea that all people are sinners – there is *no product liability* even for the clergy, God’s ‘ground staff’*!*

In other words, every person makes mistakes, becomes a sinner, and bears no responsibility for their actions or promises once they are at peace with God again – and this is only possible, through confession, with the help of the ordained clergy.

The clergy form a flat hierarchy (‘holy order’) and are easily recognisable by the *corporate design* of the clerical collar, which comes in three variants: priests (soutane and cincture are black), bishops (black or red soutane, red cincture), and the Pope (soutane and cincture in white). This *corporate identity* also applies to all monastic orders, which are recognisable by their habit (clothing), which is exactly the same for all members.

In *the branding*, the uniqueness of the ‘Christian Cross’ logo is so strong that it can incorporate various sub-brands whilst remaining instantly recognisable.

The whole is embedded in *giveaways* (prayer cards and devotional cards), *promotions* (Sacred Heart images, etc.) and *fan merchandise* (devotional items). *Merchandising* at reasonable prices.

The number of *points of sale* (church buildings) is also striking, with more than ten times as many as the combined branches of ALDI North and ALDI South. Even though the *branded utility* of church bells as timekeepers is no longer as strong, the *flagship store* in Rome remains a tourist magnet.

## The Church and the Membership Economy

The ‘Catholic Church’ model, which is a particular economic success story in Germany, is based not only on an exclusive business partnership with the state but also on a so-called ‘membership economy’. This means that the Catholic Church does everything in its power to ensure church membership and thus the payment of church tax, which is collected by the state. Here are two examples.

Baptism, Confirmation and the Eucharist are the three sacraments through which a person is incorporated into the Catholic Church. On the one hand, Baptism is, as it were, a promise by the parents to raise the child as a Christian; on the other hand, it marks the beginning of membership of the Church. However, for this Baptism and membership of the Church to be complete, Confirmation is mandatory under both catechetical and canon law. This means that it is only through Confirmation (‘Firmare’), received at the age of 14 when one is considered an adult under canon law, that membership of the Church is confirmed and becomes definitive.

However, the reality is that, taking the Archdiocese of Cologne as an example, only around 50 per cent of those baptised also receive Confirmation. Their church membership, which began without their consent, would therefore have to be terminated by the diocese. Yet this does not happen.

Now, another aspect. For a long time, it was disputed whether, when leaving religious communities whose membership laws are linked to state laws on withdrawal, one could declare that the withdrawal should apply only to the state sphere, whilst maintaining membership. The consequence of this ‘withdrawal from the Church with only civil effect’ would be membership without the corresponding obligations (e.g. no payment of church tax). However, the dispute has been resolved by the fact that the state laws on withdrawal from the Church have been amended to the extent that they no longer permit additions or conditions to the declaration of withdrawal.

In Germany, if one leaves the Catholic Church, one is excommunicated, i.e. excluded from the sacraments. The Pope had criticised this as disproportionately harsh, as excommunication is only intended in cases of apostasy or disobedience towards a bishop. The German Bishops’ Conference responded by stating that it would stick to established practice. This is in line with Canon 222 of Catholic canon law: “The faithful are obliged to contribute to the needs of the Church, … .”

These two examples show that, for the sake of business success, the Catholic Church is also pragmatically prepared to disregard catechetical requirements or state laws.

A look at the figures shows that the bishops of the Catholic Church in Germany are acting absolutely correctly in economic terms – with regard to the ‘membership economy’ – with these uncompromising measures.

At first glance, the situation appears different. It is true that attendance at the *‘point of sale*’ (regular church attendance) fell from 50 per cent of church members in 1950 to 10 per cent in 2017. However, the congregation’s brand loyalty to the ‘Church’ brand has declined only marginally by comparison. On average, between 1980 and 2017, this amounted to just 0.6 per cent per year. That remains within manageable limits.

And, above all, it has no impact on the economy, as revenue from church tax is rising – and that is, after all, the aim of the ‘membership economy’. In 2015, the €6 billion mark was exceeded. The average growth in church tax revenue for Catholic dioceses (from 1991 to 2017) stands at 2.1 per cent. And this revenue will continue to rise, despite the loss of members. In a forecast (IW Brief Report 78/2018), the German Economic Institute has reasonably estimated that church tax revenue for the dioceses will rise to €8.2 billion by 2023, and that of the Protestant regional churches to €7 billion.

There are, however, limits to this concept, for when the intricately organised capital gains church tax was introduced in 2015 via an automated procedure to put an end to church members’ ‘cheating’ on interest income—with an anonymous but (to quote the exact wording) ‘devoutly strict collection’ of the calculated church tax on investment income, there was a surge in people leaving the church, particularly older members, who perceived this as an immoral encroachment on their hard-earned savings.

This remarkable success of the membership economy in Germany is also evident when compared to Austria. Whilst in Austria the church contribution is not linked to state tax, the churches themselves must determine who their members are and what their income is – based on self-assessment – and organise this themselves. In Germany, the membership data of religious bodies is largely recorded by the state and is calculated as part of the state-organised tax assessment through a close partnership between the state and the church; for those in paid employment, this is calculated and transferred monthly by their employers at no cost to the employees. This unique feature of state collection under financial constitutional law generates, for the two major established churches in Germany, roughly three times the revenue realised by church tax collection offices in Austria.

Marketing expert Robbie Kellman-Baxter was once asked: “What does a company gain from members?” Her answer: “A lifelong customer is the goose that lays the golden eggs. I collect revenue every month, which helps with financial planning, among other things.” Other economists refer to this phenomenon of “empty churches – full coffers” as a “cash cow”.

## State-monopolistic capitalism

From a Marxist perspective, there was (and is) a description of the relationship between the state and the economy in Western democracies, which was termed 'Stamokap' = 'state-monopolistic capitalism'. In short, the view was that the state promotes the formation of a few large corporations and favours them both institutionally and financially. In its most concise form, it is reduced to the principle: "Revenues/profits are privatised, costs/losses are socialised", i.e. paid for by the general public.

Corporations such as Microsoft, Apple and Amazon cleverly choose countries like Ireland or Luxembourg as their European headquarters, as they pay the least tax there. The two churches in Germany, on the other hand, can safely stay at home, as their income and profits remain completely tax-free. In 2016, the two churches together received 11.6 billion euros from church tax alone.

The costs, on the other hand, are largely socialised, i.e. financed from general tax revenue for the benefit of the churches, church members and church institutions. This amounted to €19.3 billion (in 2009, but the order of magnitude remains the same). The largest individual items here are the subsidies for denominational childcare centres (€3.9 billion), the tax revenue which the state foregoes due to the full deductibility of church tax paid as a special expense (€3.9 billion), the tax exemption for the churches (€2.3 billion) and subsidies for denominational schools (€2.3 billion).

## Church tax and 1933

The partnership between church and state is unique in that the junior partner, the church, developed in such a way that it came to claim the status of senior partner with a right to leadership. Question: Who is in the 'pole position' as number one, the state or the church? The answer is actually quite simple. Consider a picture of the coronation of Emperor Charlemagne in Rome in the year 800: who is standing at the imperial coronation and who is kneeling? It is clear: the emperor is kneeling.

In Cologne Cathedral, the long-standing relationship between church and state is commemorated by two stained-glass windows. One depicts Boniface, the Apostle of the Germans, and Emperor Charlemagne, who introduced the tithe to finance the church. The modern form of this is: church tax

In 1919, the Weimar National Assembly had to resolve the issue of the state church, and it opted for the concept of a 'free state and a free church', i.e. institutional and financial separation. To safeguard the needs of the church, the church tax was then introduced in the German Reich under the Weimar Constitution. As the state was already processing civil tax records anyway, it was agreed from 1920 onwards that the state would also calculate church taxes based on the tax returns submitted.

In this partnership between church and state, there was no ‘cheating’ between church members and the church regarding the tax to be paid. The whole system functioned as a ‘back-dated tax’, as the state tax had to be assessed first before the church tax came into play. This was then improved 13 years later.

In September 1933, the Reich Minister of Finance ordered that, from 1934 onwards, a religious affiliation entry was to be made on the wage tax card, which had been introduced in 1925. This was unconstitutional under the Weimar Constitution. Article 136(3) states: “No one shall be obliged to disclose their religious convictions. …” But the National Socialists were not interested in that.

In 1949, these articles of the Weimar Constitution were incorporated into the Basic Law and – at the request of the Protestant Church and the USA – the entry of religious affiliation on the income tax card remained in place.

To date, the Federal Constitutional Court has dismissed all appeals against this, ruling that it constitutes only a marginal encroachment on fundamental rights and is necessary for the state’s collection of the tax. It makes the church tax very efficient, and it is a unique feature of financial constitutional law worldwide that the state acts as a collection agency for a non-state organisation.

This entry on the income tax card turns church tax into a ‘current tax’. Very few church members know the exact amount of their church tax, as it is relatively low compared to social security and health insurance contributions.

What does this mean for the partnership between the Church and the State? In return for collecting the tax on behalf of the Church, the tax authorities receive around 3 per cent of the church tax revenue. That amounts to around 300 million euros. This saves the State the cost of the Churches having their own church tax offices, which would amount to around 2.4 billion euros. Savings for the churches: around 2.1 billion euros. The free calculation by employers (of a similar magnitude to the state flat-rate) saves around 300 million euros. The total value of the support measures thus amounts to around 2.4 billion euros.

When a non-denominational entrepreneur refused to have his accounts department carry out this church tax calculation, the case was quickly taken all the way to the Federal Constitutional Court, which ruled: The employer must do so, as it is not an obligation towards the churches, but towards the state treasury.

## State grants and subsidies

But that is not all there is to the state’s direct payments to the churches. A particularly contentious issue in this regard is state payments.

The Weimar Constitution (1919) and the Basic Law (1949) require that these state subsidies be ended, i.e. abolished. Nothing has happened since then. Since 1949, there has been an almost continuous increase in these ‘state subsidies’: in 2018, the figure stood at 538 million euros.

The increases occur because these payments – as staff subsidies – are linked by an adjustment clause to the salary increases of a civil servant in the public sector, in the middle non-technical service, salary grade 7 (Protestant with 2 children, Catholic with no children).

14 of the 16 federal states pay these staff allowances; the Free and Hanseatic Cities of Hamburg and Bremen do not.

In Hamburg, the principle applies: “A Hanseatic citizen kneels before no one, not even before the Church”. A painting in the banquet hall of Hamburg City Hall had to be revised accordingly in 1896, when the new building was inspected, as a boy was kneeling before Bishop Ansgar at the time, as a symbol of the city of Hamburg. He was painted over and the empty space remained. And when the First Mayor, Henning Voscherau, was asked in 1994 – on the occasion of the establishment of the Archdiocese of Hamburg – about state subsidies, he is said to have remarked: “We have not voluntarily paid any money to third parties for 800 years. And that is how it should remain.” In other federal states, this is evidently viewed differently.

The federal government’s subsidy reports also state that, by allowing church tax paid to be deducted from income tax as a special expense, the state forgoes revenue of around 3.9 billion euros. Official justification: “Favouring recognised religious societies and religious communities treated as equivalent to them on the basis of ecclesiastical and socio-political considerations.” Historically speaking, in 1949, amongst friends, the intention was to recognise the churches’ socio-political commitment, as they contributed to health and social policy from their own resources through parish nurses and other means. However, this is now historically outdated, as all these services – as part of Caritas and Diakonie – are today largely not funded by the churches. The preferential treatment nevertheless remained in place, according to the subsidy report: “Indefinitely.”

## Caritas and Diakonie

The two church-affiliated welfare organisations, Caritas and Diakonie, are among the private companies with the largest workforces worldwide: 617,000 at Caritas and 526,000 at Diakonie, totalling 1,143,000 employees. Their combined costs/turnover amount to around €45 billion per year, 98.2 per cent of which is publicly funded (health insurance funds, long-term care insurance, patients and the state).

A comparison with well-known German corporations highlights the prominent economic role played by church-run welfare organisations in Germany. They employ many times more staff in Germany than industrial corporations and even exceed the turnover of Volkswagen AG in Germany.

Siemens AG (118,000 employees / €11.1 billion turnover), Deutsche Post AG (215,802 employees / €18.4 billion turnover), Daimler AG (170,034 employees / €23.9 billion turnover), Deutsche Bahn AG (197,985 employees / €24.1 billion turnover), and Volkswagen AG (281,395 employees / €43.7 billion turnover).

## From the cradle to the grave…

But even beyond the three financial spheres mentioned so far – the established churches, Caritas and Diakonie, and the services funded by taxpayers’ money – there are other economic sectors in which the churches are economically active.

There was a motto for this: “From the cradle to the grave: Christian robes!” What this means is: you are born in a church-run hospital, attend a church-run nursery and a denominational school, do an apprenticeship in one of the many church-run businesses or study at the Catholic University of Eichstätt or one of the many church-run universities of applied sciences, then work for a church-run company, read a church newspaper, watch Bible TV and listen to Domradio, go on holiday with Biblical Travel, drink beer brewed in a monastery or ‘bishop’s wine’, receive treatment in church-run hospitals and, when they grow old, go to a church-run care home, then to a hospice, and are buried in a church cemetery, the ‘Gottesacker’.

All of this can also be expressed in economic terms: if one adds up the financial sectors mentioned, the figure comes to around 130 billion euros. In 2013, the German automotive industry had a domestic turnover of 123 billion euros from production, sales and repairs – a comparable figure.

## The Church: The Best Business Idea

This allows for the creation of reserves that industrial conglomerates can only dream of. Plausible estimates put the value of church assets for both official churches at between 300 and 400 billion euros. Their land holdings amount to around 830,000 hectares, and they own, in addition to church buildings, around 87,000 properties.

Is this a specifically German situation? The answer is: yes and no. The figures are generally different, and the close business partnership with the state in Germany is unique in this respect, but to name just a few examples: in Austria, €453 million in taxpayers’ money is allocated to denominational schools, in Germany €2.3 billion, in Italy €530 million and in Spain €4.4 billion. The state pays €253 million from tax revenue for religious education teachers in Austria, €1.7 billion in Germany, €500 million in Italy and €600 million in Spain.

For the USA, Brian and Melissa Grimm have presented an empirical analysis of the ‘socio-economic contribution of religion to American society’ (Interdisciplinary Journal of Research on Religi on, 2016, Vol. 12). They examined various sub-sectors and arrived at a total estimate of 1,159.2 billion US dollars. That is 1.2 trillion US dollars, which is more than the combined turnover of the 10 largest industrial companies in the US (including Microsoft, Amazon and Google) on the US market.

Naturally, all of this must be protected and organised. Like any organisation seeking to influence policy in its favour, the churches also engage in lobbying. To this end, the churches have their own lobbying offices in Berlin and in the state capitals.

Hermann Kalinna, Senior Church Councillor and Deputy Representative of the EKD Council in Bonn from 1977 to 1994 – a period of 28 years – once ‘summed it up’ as follows: ‘However, the state and the church are too complex institutional structures for their contacts and relationships to be captured by a single term. The complex system of state-church law and the unwritten rules of conduct are a given. Mastery of both is important so that the state-church relationship does not slip out of the control of the church leadership.” You have to read it a second time: “…so that the state-church relationship does not slip out of the control of the church leadership.” He did not say this behind closed doors; rather, it is written – for anyone to read – in the “Handbook of State Church Law of the Federal Republic of Germany.”

So how successful is church lobbying in Germany? I would like to leave the assessment of this to one of the most knowledgeable insiders. He said, on the one hand: “We are the only lobbyists who have everything on our radar” and, on the other: “Our success sometimes even impresses the banking lobby or the nuclear lobby.” These were the words of Prelate Dr Karl Jüsten, head of the German Bishops’ Commission in Berlin and the Catholic chief lobbyist.

This article began with Goethe, and it shall also conclude with the Privy Councillor: “The Church has a good appetite, / Has devoured whole countries, / And yet has never overeaten; / The Church alone, my dear ladies, / Can digest unjust wealth.” (Goethe, Faust. Part One of the Tragedy, 1808. Walk, Mephistopheles to Faust). And: “The Church lies in eternal strife with the State, which will not grant her supremacy.” (Goethe, Autobiographical Writings. From My Life. Poetry and Truth, 1811, Part 3, Book 11.)

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